3 SPECTAL VERDICT NO. 

SPECIAL	VERDICT	NO.	4
_			

a. DID PLA'NTIFF HAVE THE FINANCIAL AND TECHNICAL

CAPABILITIES TO CONSTRUCT AND OPERATE A CABLE

TELEVISION SYSTEM IN THE SACRAMENTO METROPOLITAN

AREA?

YES	X	NO	

SPECIAL	VERDICT	NO.	5
(No	t Given)		

	(Not Given)	
	a. ROES THE CONSTRUCTION AND OPERATION OF A CABLE	
	TELEVISION SYSTEM INVOLVE THE USE OF PUBLIC	
	RIGHTS OF WAY?	
	YESNO	
	b. IF YOUR ANSWER TO THE PRECEDING QUESTION IS "YES,"	S
	IT PROPER FOR DEFENDANTS TO REQUIRE THAT A CABLE	
	COMPANY PAY FOR THE USE OF PUBLIC RIGHTS OF WAY?	
٠.	YES NO	
	c. WERE THE PAYMENTS EXCESSIVE?	
	YESNO	

SPECIAL	VERDICT	NO.	6

IS THE CAPACITY OF THE PUBLIC RIGHTS OF WAY AND
UTILITY EASEMENTS IN THE SACRAMENTO METROPOLITAN
AREA LIMITED TO ANY SIGNIFICANT DEGREE? IN OTHER
WORDS, DID THE RIGHTS OF WAY AND EASEMENTS LACK
SUFFICIENT ROOM FOR ALL CABLE COMPANIES WHO EITHER
WANTED TO USE THEM OR MIGHT WANT TO USE THEM IN
THE FUTURE?

YES		NO	X

	SPECIAL VERDICT NO
a.	DOES THE CONSTRUCTION AND OPERATION OF A CABLE
	TELEVISION SYSTEM CAUSE SIGNIFICANT DISRUPTION IN
	THE USE OF PUBLIC PROPERTY?
	YES NO X
b.	IF YOUR ANSWER TO THE PRECEDING QUESTION IS "YES,"
	DID DEFENDANTS' USE OF THE RFP PROCESS RESULT IN LESS
	DISRUPTION THAN WOULD OCCUR WITHOUT THE RFP PROCESS?
	YES NO
c.	WAS "DISRUPTION AND INCONVENIENCE" A SHAM USED BY
	DEFENDANTS AS A PRETEXT FOR JUSTIFYING THEIR RFP
	PROCESS?
	YES NO _X

SPECIAL	VERDICT	NO.	8
		•	

a.	DOES THE CONSTRUCTION AND OPERATION OF A CABLE
	TELEVISION SYSTEM CAUSE SIGNIFICANT SAFETY HAZARDS
	TO BOTH THE PUBLIC AND WORKERS?
	YES NO X
b.	IF YOUR ANSWER TO THE PRECEDING QUESTION IS "YES," DID
	DEFENDANTS' USE OF THE RFP PROCESS RESULT IN FEWER
	SAFETY HAZARDS THAN WOULD OCCUR WITHOUT THE USE OF
	THE RFP PROCESS?
	YES NO
c.	WAS "SAFETY HAZARDS" A SHAM USED BY DEFENDANTS AS A
	PRETEXT FOR JUSTIFYING THE RFP PROCESS?
	YES NO X
	•
	·

	SPECIAL VERDICT NO.
a.	DOES THE CONSTRUCTION AND OPERATION OF A CABLE
	TELEVISION SYSTEM SIGNIFICANTLY INTERFERE WITH THE
	ABILITY OF SACRAMENTO RESIDENTS TO USE THEIR PRIVATE
	PROPERTY?
	YES NO X
. b.	IF YOUR ANSWER TO THE PRECEDING QUESTION IS "YES,"
	DID DEFENDANTS' USE OF THE RFP PROCESS RESULT IN LESS
	INTERFERENCE WITH PRIVATE PROPERTY THAN WOULD OCCUR
	WITHOUT THE RFP PROCESS?
	YESNO
c.	WAS "INTERFERENCE WITH ABILITY TO USE PRIVATE
	PROPERTY" A SHAM USED BY DEFENDANTS AS A PRETEXT
	FOR JUSTIFYING THEIR RFP PROCESS?

YES NO X

SPECIAL	VERDICT	NO.	10

	SPECIAL VERDICT NO
a.	DOES THE CONSTRUCTION AND OPERATION OF A CABLE
	TELEVISION SYSTEM CAUSE ANY OF THE FOLLOWING TO
	A SIGNIFICANT DEGREE: NOISE, VISUAL CLUTTER,
	ENVIRONMENTAL AND/OR AESTHETIC PROBLEMS?
	YES NO X
b.	IF YOUR ANSWER TO THE PREVIOUS QUESTION IS "YES,"
	DID DEFENDANTS' USE OF THE RFP PROCESS RESULT IN
	FEWER OF THESE IMPACTS THAN WOULD OCCUR WITHOUT THE
	USE OF THE RFP PROCESS?
	YESNO
c.	WAS "NOISE, VISUAL CLUTTER, AND/OR OTHER ENVIRONMENTAL
	AND AESTHETIC IMPACTS" A SHAM USED BY DEFENDANTS AS
	A PRETEXT FOR JUSTIFYING THEIR RFP PROCESS?
	YES NO X

SPECIAL VERDICT NO.	11
(Not Given)	

	(Not Given)
a.	BOES THE CONSTRUCTION AND OPERATION OF A CABLE
	TEDEVISION SYSTEM CREATE SIGNIFICANT ADMINISTRATIVE
	OR RECULATORY BURDENS FOR GOVERNMENT? (BURDENS ARE
	"SIGNIFICANT" IF THEY ARE GREATER THAN THOSE WHICH
	WOULD OCCUR USING THE ENCROACHMENT PERMIT PROCESS.)
	YES NO
b.	IF YOUR ANSWER TO THE PRECEDING QUESTION IS "YES,"
	DID DEFENDANTS' USE OF THE RFP PROCESS PROVIDE A
	MORE EFFECTIVE MEANS OF MINIMIZING THE BURDENS THAN
	THE ENCROACHMENT PERMIT PROCESS?
	YES NO
c.	WAS "ADMINISTRATIVE AND REGULATORY BURDENS" A SHAM
	USED BY DEFENDANTS AS A PRETEXT FOR JUSTIRYING
	THEIR RFP PROCESS?
	YES NO

	SPECIAL VERDICT NO. 12
a.	IS "HEAD-TO-HEAD" COMPETITION AMONG CABLE TELEVISION
	SYSTEMS UNLIKELY TO OCCUR AND ENDURE IN THE SACRAMENTO
	MARKET? IN OTHER WORDS, IS CABLE TELEVISION A
	"NATURAL MONOPOLY" IN THE SACRAMENTO MARKET?
	YES NO X
b.	IF YOUR ANSWER TO THE PRECEDING QUESTION IS "YES,"
	ARE THERE FEWER ADVERSE EFFECTS ASSOCIATED WITH
	HAVING A SINGLE PROVIDER OF CABLE TELEVISION AS A
	RESULT OF THE RFP PROCESS THAN THERE WOULD BE IN
	THE ABSENCE OF THE RFP PROCESS?
	YES NO
c.	WAS "NATURAL MONOPOLY" A SHAM USED BY DEFENDANTS AS
	A PRETEXT FOR GRANTING A SINGLE CABLE TELEVISION
	FRANCHISE?
	YES X NO
d.	WAS "NATURAL MONOPOLY" A SHAM USED BY DEFENDANTS TO
	PROMOTE THE MAKING OF CASH PAYMENTS AND PROVISION OF
	"IN KIND" SERVICES BY THE COMPANY ULTIMATELY SELECTED
	TO PROVIDE CABLE TELEVISION SERVICE TO THE SACRAMENTO
	MARKET?
	YES X NO
e.	WAS "NATURAL MONOPOLY" A SHAM USED BY DEFENDANTS TO
	OBTAIN INCREASED CAMPAIGN CONTRIBUTIONS FOR LOCAL
	ELECTED OFFICIALS?
	VFS X NO

	SPECIAL VERDICT NO. 13
a.	DOES THF PUBLIC AS A WHOLE BENEFIT FROM EQUAL AND
	UNIFORM CABLE TELEVISION SERVICE THROUGHOUT THE
	SACRAMENTO COMMUNITY?
	YES X NO
b.	DID THE RFP PROCESS ENCOURAGE EQUAL AND UNIFORM
	CABLE TELEVISION SERVICE TO A GREATER DEGREE THAN
	WOULD BE ACHIEVED IN THE ABSENCE OF THE RFP PROCESS?
	YES X NO
c.	WAS "EQUAL AND UNIFORM CABLE TELEVISION SERVICE"
	A SHAM USED BY DEFENDANTS AS A PRETEXT FOR
	JUSTIFYING THEIR RFP PROCESS?

YES \_\_\_

SPECIAL VERDICT NO
DOES THE PUBLIC AS A WHOLE OBTAIN SIGNIFICANT BENEFITS
FROM ANY OF THE FOLLOWING: ACCESS CHANNELS,
PRODUCTION FACILITIES, TECHNICAL ASSISTANCE AND
GRANTS?
YES X NO
DID THE RFP PROCESS ENCOURAGE THE PROVISION OF THESE
KINDS OF RESOURCES TO A GREATER EXTENT THAN WOULD BE
PROVIDED IN THE ABSENCE OF THE RFP PROCESS?
YES X NO
IF YOUR ANSWER TO THE PRECEDING QUESTION IS "YES,"
WERE DEFENDANTS MOTIVATED TO PROVIDE SUCH BENEFITS
BY EITHER A DESIRE TO OBTAIN INCREASED POLITICAL
INFLUENCE FOR ELECTED OR APPOINTED LOCAL OFFICIALS
OR A DESIRE TO FAVOR LOCAL OFFICIALS' POLITICAL
SUPPORTERS?
YES X NO
WAS THE PROVISION OF SUCH BENEFITS A SHAM USED BY
DEFENDANTS AS A PRETEXT FOR JUSTIFYING THEIR RFP

NO X

a.

b.

c.

đ.

PROCESS?

YES \_

SPECIAL	VERDICT	NO.	15

a.	DOES THE REP PROCESS RESULT IN "BETTER" CABLE
	TELEVISION SERVICE, IN TERMS OF THE SYSTEM'S
	TECHNOLOGY, CAPABILITIES AND CHANNEL CAPACITY,
	THAN WOULD BE ACHIEVED WITHOUT THE RFP PROCESS?
	YES NO X
b.	WAS "SYSTEM TECHNOLOGY, CAPABILITY AND CHANNEL
	CAPACITY" A SHAM USED BY DEFENDANTS AS A PRETEXT
	FOR JUSTIFYING THEIR RFP PROCESS?
	YES NO NOT ANSWERED X

,	SPECIAL VERDICT NO. 16	

	a.	DOES THE PUBLIC HAVE A SIGNIFICANT INTEREST IN THE
		FINANCIAL QUALIFICATIONS OR BACKGROUND OF ANY COMPANY
		CONSTRUCTING AND OPERATING A CABLE SYSTEM IN
		SACRAMENTO? (THE PUBLIC'S INTEREST IS SIGNIFICANT
		IF, AMONG OTHER THINGS, CONSUMERS WOULD RECEIVE
		REDUCED LEVELS OF CABLE SERVICES AND TECHNOLOGY
		IF GOVERNMENT DID NOT INQUIRE INTO THE FINANCIAL
		CAPABILITIES OF CABLE OPERATORS.)
		YES X NO
	b.	IF YOUR ANSWER TO THE RRECEDING QUESTION IS "YES,"
,		DOES THE RFP PROCESS PROMOTE THIS INTEREST?
		YES X NO
	c.	WAS "FINANCIAL QUALIFICATIONS" A SHAM USED BY
		DEFENDANTS AS A PRETEXT FOR JUSTIFYING THEIR RFP
		PROCESS?
•		YES NO X

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SPECIAL	VERDICT	NO.	17

a.	DOES THE PUBLIC HAVE A SIGNIFICANT INTEREST IN THE
	TECHNICAL QUALIFICATIONS OR BACKGROUND OF ANY
	COMPANY CONSTRUCTING OR OPERATING A CABLE TELEVISION
	SYSTEM IN SACRAMENTO? (THE PUBLIC'S INTEREST IS
	SIGNIFICANT IF, AMONG OTHER THINGS, CONSUMERS WOULD
	RECEIVE REDUCED LEVELS OF CABLE SERVICES AND
	TECHNOLOGY IF GOVERNMENT DID NOT INQUIRE INTO THE
	TECHNICAL CAPABILITIES OF CABLE OPERATORS.)
	YES X NO
b.	IF YOUR ANSWER TO THE PRECEDING QUESTION IS "YES,"
	DOES THE RFP PROCESS PROMOTE THIS INTEREST?
	YES NO X
c.	WAS "TECHNICAL QUALIFICATIONS" A SHAM USED BY
	DEFENDANTS AS A PRETEXT FOR JUSTIFYING THEIR
	RFP PROCESS?
	YES NO X

SPECIAL	VERDICT	NO.	18

UNDER THE INSTRUCTIONS ON DAMAGES GIVEN TO YOU, WHAT AMOUNT OF DAMAGES, IF ANY, SHOULD BE AWARDED TO PLAINTIFF?

ANSWER	"Zero"

DATED:

Foreperson

## City ends cable TV monopoly

By Tim Grieve Bee Stall Writer

The City Council and the Board of Supervisors opened Sacramento's cable television market to free competition Monday in a last-ditch attempt to cut their losses in a \$150 million lawsuit.

In joint session, the council and the board voted unanimously to end Sacramento Cable Television's local monopoly and grunt cable licenses to almost any firm applying for one.

The move came despite emotional pleas from local community groups and legal threats from Sacramento Cable Television officials, who said they will immediately prepare a "very substantial" breach of contract suit

against the city and county.

Until now, Sacramento Cable Television has enjoyed a monopoly on the local cable market. In exchange for a

mento Metropolitan Cable Television Commission isse, the company agreed to make cable service available to all county residents and to give millions of dollars to local community groups wishing to provide their own cable programming

But the monopoly, the grants and universal cable service were all thrown into jeopardy Monday.

In an emergency meeting, the board and the council followed the advice of their attorneys in adopting separate — but identical — ordinances aimed at imiting damages in Pacific West Cable Co.'s \$150 million suit against the city and the county.

A hearing in the case is scheduled for this morning, nd a final ruling is still pending. But several determinations by a fact-finding jury — including a ruling that Sacramento could support more than one cable company—have led government lawyers to believe their chances of winning the case are slim.

In a surprise move last week, commission attorney Brent Bleier suggested that the City Council and the Board of Supervisors allow open competition in the cable market in order to limit damages in the case and prevent choos should the court deem Sacramento's cable franchise process illegal.

During a two-hour public meeting Monday, spokesmen for several local community groups who receive grants to the current franchise arrangement implored office o at least delay the ordinances.

spokesmen for the elderly, the handicapped and minorities said the ordinances could free Sacramento Cable Television from its contractual obligation to provide service throughout the county, including low-income areas.

Richard Davis, the cable company president, said the ordinances would force the company to sue for "hundreds of millions of dollars in damages." Davis also said the ordinances would force his firm "to reconsider" its obligation to provide grants for community groups.

While acknowledging that the ordinances could jeop-

While acknowledging that the ordinances could jeopardize the community grants and universal service, Bleier said he was not concerned about the threats of legal action.

See CABLE, page B2

## Cable

Continued from page B1

"It was unjustified saber ratting by someone who thought they could brow-beat public officials," Bleier said "I was appulled."

Council members and supervisors, however, were concerned enough about the threats to hold a 20-minute, closed-door session with their attorneys before voting.

But minutes after that session, the council members and supervisors said they had little choice but to adopt the ordinances.

"We didn't choose it this way," a frustrated Mayor Anne Rudin said just before the vote. "We're trying to cut our losses so the people of Sucramento don't have to pay an inordinate amount to extricate us from these circumstances."

Mehro

Sacramento Boe

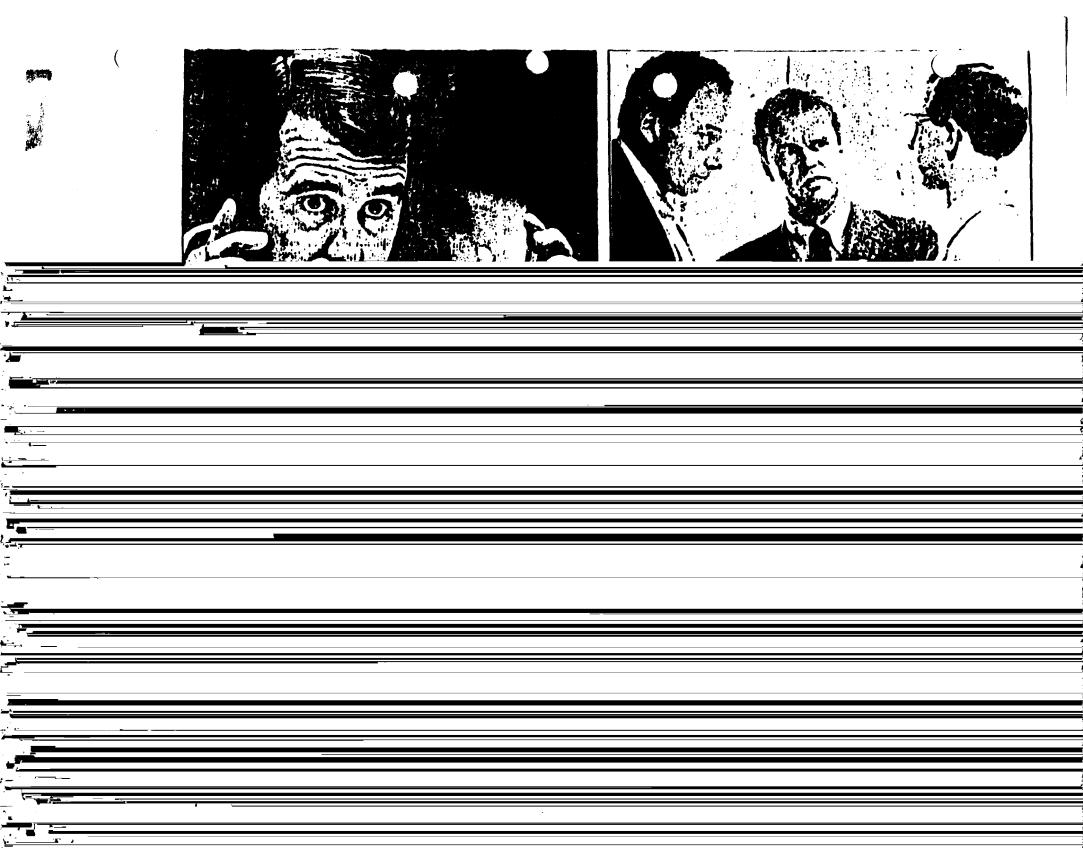
Tuesday, July 7, 1987

Editoria

ATTACHMENT III

## TIES ACTAMENTO UNION Satramento, California Oldest DAILY IN the West tuesday July 1981





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Founded 1857 ;

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## Selection of cable franchise tainted?

By Jim Mayer Bee Stall Writer.

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A federal jury believed the political process for awarding a Sacramento cable television franchise in 1963 was minted by the "influence: pedding" of 73 prominent Sacramentans, according to the jury's forewomen.

In early June, the jury issued a stack of special verdicts in which it found that awarding a single franchise to serve Sacramento was a "sham."

The case in question was a \$150 million law-

suit challenging the Sacramento Cable Commission's franchise process. Pacific West | judge. Among them: Cable Co., a joint venture of Sacramento developers Joe Benvenuti and Bruce Fite, sought the damages from the city and county.

Judith Mosier, forewomen of the six-momber U.S. District Court jury, told The Bee that jurors made their decision primarily because of the role played by a group of investors known throughout the trial as "The Gang of

In deciding the civil case, jurors were asked

posed by the attorneys and approved by the lavor local officials' political supporters?"

· "Was 'natural monopoly' (the franchise process) ... a sham by defendants to obtain increased campaign contributions for local elected officials?"

The jury said yes. However, it is unclear from testimony now - or if - the process affected campaign contributions.

· "Were defendants (city and county) motivaled to provide such benefits (public access to channels and grants) by either a desire to and county of Sacramento. obtain increased political influence for electto answer several yes-or-no questions pro- , ed or appointed local officials or a desire to

The jury said yes. "We felt the way the whole thing was written up was to exclude competition and it had to do with this Gang of 73 - and they got their share," Moster said.

The "gang" is officially known as River City Cablevision, a minor partner with Scripps-Howard Broadcasting in the Sacramento Cable Television Co. In 1983, Sacramento Cable outbid three other companies to serve the city

See CABLE, back page, A30

Continued from page Al

The practice that troubled the jury has been a common one throughout the nation: Prominent local pe from a variety of backgrounds team up with an established cable company to apply for a franchise. News accounts have frequently referred to the process as 3-citizen.

not clear what River City Cablevision members were expected to do, but court testimony indicates that some of them lobbied city and county officials on behalf of the company.

The group is a collection of successful Sacramentans. Most of them invested \$2,000 in the company, Some invested nothing.

Each River City Cablevision member could realize a return in the mid-1990s of \$129,000 or more, according to Sacramento Cable Television's chief executive, Richard Davis.

The purpose of the group, according to River City Cablevision President Raymond T. Butler, was to represent "the pulse of Sacramento." For that, the 73 influential members share in 5 percent of the company. But the jury decided River City Cablevision's purpose

was to persuade the Sacramento Metropolitan Cable Television Commission - made up of City Council members and county supervisors - to award the franchise to their company.

What do you want to call it? Influence peddling ... It bothered everyone on the jury," said Mosier, an instrument mechanic at McClellan Air Force Base.

Butter — a former county planning commissioner, civ-il service commissioner and parks and recreation commissioner and a frequent contributor to political

campaigns — found the jury's opinions "shocking."

"The a of the group was diametrically opposite to that."

Sutler, an insurance executive. "It was metamorphically different. The idea behind the group was just the antithesis of what is being said by the jurors.

licit bids from companies, Farrow said, "it comes down to ... pure local politics."

Farrow said the purpose of such investment groups is to deliver votes.

The general assumption is if you see two insurance policies and you can't understand either one, you are go-ing to buy the one from a friend you know and trust," Farrow said. "And that's what the rent-a-citizen process recognizes: He who has the most and richest rented citi-

Farrow, however, said he has never seen a group as large as that assembled by River City Cablevision

"There were an extraordinary number of honorary people who took part who didn't know what was going on," Farrow said. "The goals of many of these people were totally honorable goals and they were looking for the community benefits at the time.

What they were missing — and what no one brought to their attention — was the philosophy that the end justifies the means."

The names of some group members were apparently used initially without their permission. For example, former county superintendent of schools Leo Palmiter didn't agree to join River City Cablevision until two months after the franchise was awarded with Palmiter listed as a "prospective stockholder/owner," according to court documents.

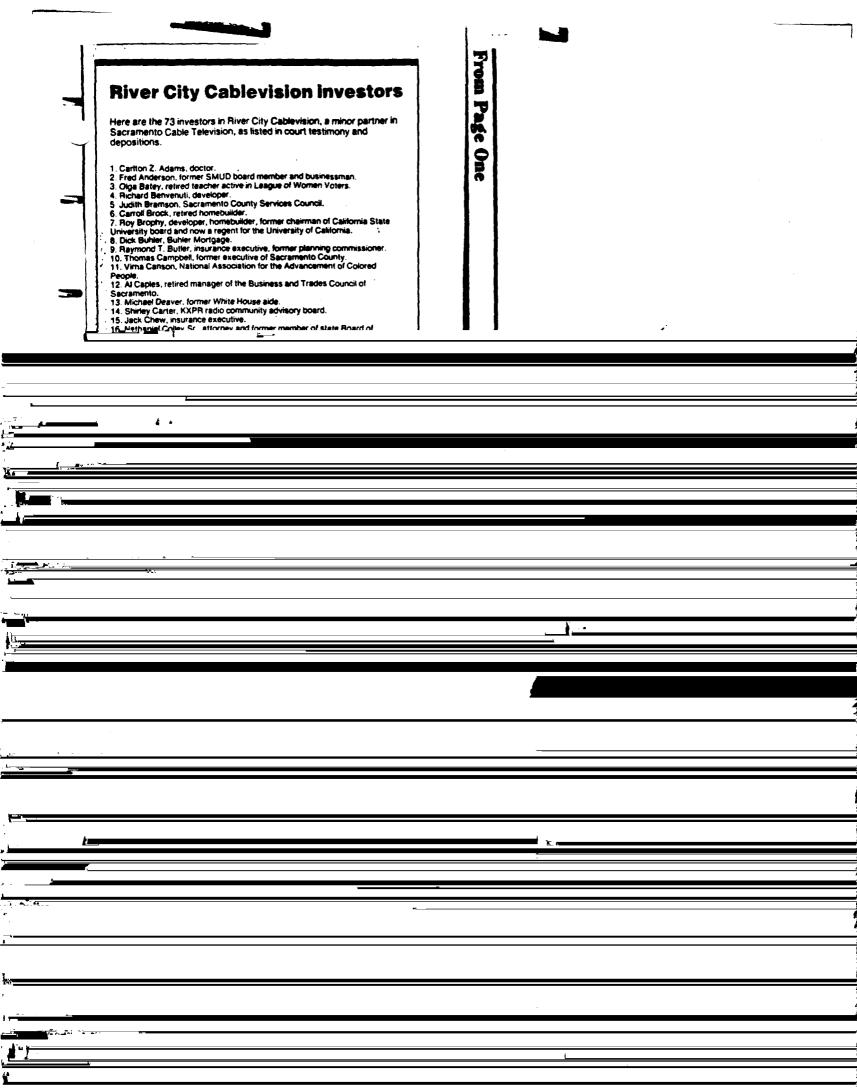
The Bee was able to reach 20 of the 73 members of River City Cablevision. Some said they got involved for what they believed was a community service. Some said they received free shares in Sacramento Cable.

The strange part about the whole thing as far as I'm concerned is I never invested a single penny in it," said Al Caples, retired business manager of the Building and Trades Council in Sacramento. T've brought it to their attention two or three times, saying, 'When am I sup-

posed to put up my share? And they never notify me."

According to Davis, in 10 years Caples' share could be worth \$120,000! That is if: Sacramento Cable manages to fend off competition in the marketplace; Sacramento develops as planned; and the cable industry as a whole meets projections.

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FARROW, SCHILDHAUSE & RAINS Including A Professional Corporation Harold R. Farrow Robert M. Bramson James J. McBride 401 Grand Avenue, Suite 200 Oakland, California 94610

**ENDORSED** 

JAN 28 1986

JOYCE RUSSELL SMITH, CLERK By S. MORITA Deputy

Attorneys for Plaintiff

PACIFIC WEST CABLE COMPANY,

(415) 839-4500

a partnership;

DOES 1 through 100

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v.

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SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY OF SACRAMENTO

Plaintiff,

CITY OF FOLSOM, CITY OF GALT, CITY OF SACRAMENTO, CALIFORNIA, all municipal corporations COUNTY OF SACRAMENTO, CALIFORNIA, a California County; SACRAMENTO CABLE TELEVISION, a general partnership; SCRIPPS-

HOWARD CABLE COMPANY OF SACRAMENTO, a corporation wholly owned by Scripps-Howard Broadcasting Company, a corporation; SACRAMENTO) METROPOLITAN CABLE TELEVISION COMMISSION, an entity holding itself out as a public agency ROBERT SMITH; RICHARD DAVIS and

Defendants.

No. 334798

COMPLAINT

Plaintiff Pacific West Cable Company ("Pac West") brings this action against defendants and alleges as follows:

Plaintiff is a general partnership, organized in and doing business under the laws of the State of California.

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2. Defendants City of Sacramento, City of Folsom. City of Galt (collectively "Cities") and County of Sacramento ("County") are municipal corporations organized and existing under the laws of the State of California. Plaintiff is informed and believes that defendant Sacramento Metropolitan Cable Television Commission ("Commission") is an entity claiming to be a joint powers agency and which is an agent of the defendant Cities and defendant County. Defendant Robert Smith is the chief executive officer of defendant Commission. Defendant Sacramento Cable Television is a general partnership. by and between, among others, River City Cablevision, Inc., a corporation, and Scripps-Howard Cable Company of Sacramento, a corporation wholly owned by Scripps-Howard Broadcasting Company, an Ohio corporation. Defendant Richard Davis is the general manager of defendant Sacramento Cable Television.

- 3. Plaintiff has timely presented defendant Cities, Counties, and said Commission and Smith with claims for damages caused by the tortious actions or omissions alleged herein in substantial compliance with the requirements of Sections 900 et seq. of the California Government Code.
- 4. Does 1 through 100 are persons whose true names and identities are presently unknown to plaintiff and who are therefore sued by such fictitious names. Plaintiff asks leave of this court to amend its complaint to show the true names and capacities of Does 1 through 100 when the same have been ascertained. Each of the fictitiously named defendants is responsible in some manner for the matters alleged in this complaint and is jointly and severally liable to plaintiff